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UNCLAS PRETORIA 002665

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SUBJECT: South Africa: Fuel Prices at New Record Highs

REF: PRETORIA 2998

Summary

1. (U) On July 6, 2005, the Department of Minerals and Energy increased the prices of gasoline, diesel, and kerosene to all-time highs. Two-thirds of the increase was due to a weaker rand and one-third to the higher international crude oil price. End Summary.

Government Announces Substantial Price Increases

2. (U) On July 6, the Department of Minerals and Energy (DME) increased the retail price of gasoline in rand terms by 5.7% and wholesale prices of diesel and kerosene by an average of 10.5% and 8.9%, respectively. The primary contributors to the increases were the decline in the average rand/dollar exchange rate (from 6.28 to 6.77), which accounted for 67% of the increase, and the rise in the international price of crude oil, which accounted for 33% of the increase. The tables below show the increase in the average price of fuel in Johannesburg and components for the new price. While the change in the equivalent dollar price is small, the change in the rand price is large.

Wholesale Johannesburg Prices
(U.S. Dollars/Gallon)

	May	June	July	%Change
Gasoline - (retail)	3.20	3.05	2.99	-2.0
Diesel - 0.3% Sulfur	2.96	2.82	2.89	+2.5
Diesel - 0.05% Sulfur	3.10	2.95	3.02	+2.4
Kerosene	2.39	2.23	2.26	+1.3

Wholesale Johannesburg Prices
(S.A. Rands/Liter)

	May	June	July	%Change
Gasoline - (retail)	5.22	5.06	5.35	+ 5.7
Diesel - 0.3% Sulfur	4.84	4.68	5.17	+10.5
Diesel - 0.05% Sulfur	5.06	4.89	5.40	+10.4
Kerosene	3.90	3.71	4.04	+ 8.9

Cost Components of the New Price

Basic Fuel Cost	51.1%
Taxes and Levies	30.2%
Operating Costs and Dealer Margins	18.7%

FRAZER